



FACT SHEET

U.S.-Panama Trade Promotion Agreement Delaware Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Delaware. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding \$190 million per year.

Delaware's exports to all countries, estimated at \$160 million in 2007, supported about 1,705 jobs, on and off the farm. These export sales make an important contribution to the Delaware farm economy which had total cash receipts of \$1 billion in 2007.

Poultry Meat. The broiler industry accounts for nearly 73 percent of Delaware's total farm cash receipts with sales of \$734 million 2006. From 2004 through 2006, U.S. suppliers shipped an average 5,700 tons of poultry meat valued at \$7 million to Panama each year. However, exports are mostly limited to turkey cuts and whole turkeys due to a 260-percent tariff on broiler leg quarters. Delaware poultry producers and processors will benefit from this agreement.

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically de-boned chicken, within 5 years for wings and 10 years for other chicken cuts except leg quarters.
- Panama will provide immediate duty-free access within a preferential tariff-rate quota (TRQ) for chicken leg quarters that starts at 660 tons and grows each year by 10 percent. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's World Trade Organization commitments.
- Panama will eliminate its 15-percent duties on turkey meat immediately for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- In addition, Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary measures by recognizing the equivalence of the U.S. poultry inspection and disease monitoring systems, allowing U.S.

inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Feed Grains. Corn is Delaware's second largest source of cash receipts with sales of \$53 million in 2007. Corn growers will benefit from the agreement.

- Panama will provide immediate duty-free access within a TRQ for 298,700 tons of U.S. corn that will grow at a rate of 3 percent each year. The 40-percent over-quota tariff will be eliminated in 15 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately and Panama will provide immediate duty-free access for refined corn oil within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff will be phased out within 10 years.

Soybeans and Products. Panama is the twelfth largest export market for U.S. soybean meal with exports for the most recent three years averaging 109,000 tons valued at \$24.7 million. With farm cash receipts of \$31 million in 2007, Delaware's soybean producers will benefit from this agreement.

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the Agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.